



Management Discussion and Analysis
for the nine months ended September 30, 2011

To Our Shareholders

Management and Directors of Gamehost Inc. ("Gamehost", the "Company", the "Corporation", "Our") are pleased to present results for the nine months ended September 30, 2011 (the "Period") and three months ended September 30, 2011 (the "Quarter").

Acquisition Boosts Results

This Quarter is the first quarter to include fully comparable results of the acquisition of a further 51% interest in the Deerfoot Inn & Casino which was completed in April of 2010. Total revenues for the Quarter increased by 1.9% to \$17.6 million from \$17.3 million one year earlier. Stubborn table hold percentages discouraged better results. Earnings before interest, taxes, depreciation and amortization ("EBITDA") that is attributable to owners of the Company fell \$0.2 million or 2.3% to \$7.5 million for the Quarter compared to \$7.7 million for the same quarter in 2010. EBITDA margin percentage fell by 1.8 percentage points to 42.7% for the Quarter versus 44.5% for the year earlier quarter. Lower table hold percentage and refurbishment efforts going on at a number of the Company's properties reduced otherwise better results.

Cautious Optimism

Economists the world over have reduced their growth expectations for all regions in the world in large part due to the unfolding credit issues in the European Union. Forecasts for the Alberta economy have been reduced as well. Nevertheless, the Alberta government is still projecting GDP growth in the range of 6.5% to 7.9% through 2012.

We continue to see moderate growth activity in our own properties as consumers gain confidence. Alberta's unemployment rate, at 5.4% is second only to Saskatchewan and improving.

As we move into our year end banquet season, we are optimistic that spending will continue to improve producing solid results to carry us into the new year.

Thank you for your continued faith in management and your investment in Gamehost Inc.

November 10, 2011

On behalf of all management and Directors, sincerely,



David J. Will
President and Chief Executive Officer
Gamehost Inc.



Darcy J. Will
Vice President and Secretary
Gamehost Inc.

Management's Discussion and Analysis

for the nine months ended September 30, 2011

This Management's Discussion and Analysis ("MD&A") of the business, operating results, liquidity and capital resources and other financial information of Gamehost Inc. ("Gamehost", the "Company", the "Corporation", "Our") is prepared as at October 30, 2011. This MD&A should be read in conjunction with the unaudited consolidated financial statements of Gamehost Inc. and accompanying notes for the nine months ended September 30, 2011 (the "Period") and with the audited consolidated financial statements of Gamehost Inc. and accompanying notes for the year ended December 31, 2010.

This MD&A focuses on year over year comparative results for the three months ended September 30, 2011 (the "Quarter"). Readers are directed to prior MD&A for specific discussion of results of previous quarters. Previously issued financial statements and management discussion and other disclosures of the Company can be found on the Company website at www.gamehost.ca or SEDAR at www.sedar.com.

Caution to the Reader

Use of Non-International Financial Reporting Standards ("IFRS") Financial Measures

This MD&A makes reference to financial measures that do not have any standardized meaning prescribed by IFRS. Specifically, the MD&A may reference earnings before interest, taxes, depreciation and amortization ("EBITDA") which is a non-IFRS financial measure.

Other Industry specific terms and measures relating to the operations of the Company are used throughout this MD&A and defined when they first appear and capitalized throughout this MD&A.

Comparative Results

Financial results are now reported under IFRS. The transition to IFRS has had a significant impact on comparative earnings specifically as the new reporting standard relates to the recording of Class B Limited Partnership Units ("Class B Units"). These units were 'puttable' to Fund Units prior to the Company's conversion to a corporation from the former income trust. Due to their puttable nature, IFRS requires that these units be treated as debt rather than their former minority interest and fair valued at each reporting period. Furthermore, cash distributions made to the Class B Units are considered interest payments and must be charged against income rather than the former treatment as an adjustment to equity under Canadian general accepted accounting principles ("CGAAP").

Comparative results are further impacted by the conversion from an income trust to an incorporated company (the "Conversion"). Components of equity and share capital are presented differently in the current period to reflect the Conversion.

Comparative results are also impacted by the acquisition of an additional 51% ownership of the Deerfoot (the "Acquisition"). The financial results include 100% of the Deerfoot assets, liabilities, revenues and expenses from the point the Company acquired controlling interest effective May 1, 2010. Resulting net income is reported proportionately to the shareholders and non-controlling interest ("NCI").

As part of the transition to IFRS, the Company adopted the 'Function' format for presentation of its operating results. Under previous CGAAP, presentation of results of operations allowed a hybrid of both the Function and Nature forms of presentation. Certain comparable items have been reclassified to conform to the new presentation format.

Forward-looking Statements

This MD&A may contain forward-looking information. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements contain wording such as “anticipates”, “believes”, “could”, “expects”, “indicates”, “plans” or other similar expressions that suggest future outcomes or events. Forward looking information contains risks and uncertainties of varying significance. The Company attempts to minimize the use of forward-looking information. Any use of forward-looking information reflect reasonable assumptions made on the basis of management’s current beliefs with information known by management at the time of writing. Factors that may affect results include, but are not limited to, governmental legislation and regulation at the national, provincial or municipal level, general or local business and economic conditions, financial market volatility, the good standing of business, gaming and liquor licenses, competition, consumer preferences and disposable incomes, demographic shifts and weather patterns. Any number of these factors, or others, could cause actual results to differ from forward-looking information. Additional discussion about the inherent risks in forward-looking information and any Company assumptions of risk can be found in the Business Risks and Opportunities section at the end of this MD&A

These factors and other risks and uncertainties are discussed in the Company’s continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the “Risk Factors” section of the Company’s most recent Annual Information Form. Continuous disclosure documents are on record through SEDAR at www.sedar.com.

Forward-looking information contained in this MD&A or documents incorporated by reference are relevant only at the date of the MD&A or document date. Readers should not place undue reliance on forward-looking information as there can be no assurances that the plans, intentions or expectations upon which they are based will occur. The Company undertakes no obligation to publically revise forward-looking information to reflect subsequent events or circumstances.

Internal Control over Financial Reporting (ICFR)

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company’s internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that reasonably, accurately and fairly represent transactions of the Company, (2) provide reasonable assurance that transactions are recorded as required to permit the preparation of Financial Statements in accordance with IFRS and that receipts and expenditures are made with appropriate authorization of the Company’s management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the Financial Statements.

No changes have occurred during the Quarter that have materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting.

Organizational Structure

Gamehost Inc. (the "Company" or "Gamehost" or "Corporation") is incorporated in Canada under the Business Corporations Act (Alberta). The condensed consolidated interim financial statements of the Company are comprised of the Company, its wholly owned subsidiaries and interest in a joint venture, Deerfoot Inn & Casino Inc.

Shares

The Corporation has 21,292,481 Shares issued and outstanding at October 30, 2011 which trade on the Toronto Stock Exchange ("TSX") under the symbol GH. The Corporation is authorized to issue any number of and any class of shares.

Debentures

The Corporation has \$51,395,000 face value debentures outstanding which trade on the TSX under the symbol GH.DB.

Restructuring

On January 1, 2011, following the completion of the conversion from an income trust to a corporation on December 31, 2010 (the 'Conversion'), Gamehost Trust (the 'Trust'), a subsidiary of Gamehost Income Fund (the 'Fund'), was wound up and dissolved such that all of its assets were transferred to, and all of its liabilities were assumed by, the Fund. Immediately following the dissolution of the Trust, the Fund was wound up and dissolved such that all of its assets were transferred to, and all of its liabilities were assumed by, the Company.

The head office of the Corporation is located at 400, 4406 – 50th Avenue, Red Deer, Alberta, T4N 3Z5. The registered office of the Corporation is located at 2800, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6.

Overview of Gamehost

Gamehost's activities are currently confined to the province of Alberta, Canada. Operations include the Boomtown Casino ("Boomtown") in Ft. McMurray, the Great Northern Casino ("Great Northern") in Grande Prairie and Service Plus Inns & Suites ("Service Plus"), a limited service hotel, also located in Grande Prairie. As a complement to the hotel, Gamehost owns a retail complex ("Strip Mall") that leases space to a pub, a full service restaurant operation and a liquor store. Gamehost has a 91% ownership interest in Deerfoot Inn & Casino Inc., ("Deerfoot"), in Calgary.

Gaming operations of Gamehost are controlled by the Alberta Gaming and Liquor Commission. Operations include Company owned table games and government owned slot machines, video lottery terminals and lottery ticket outlets. Hotel operations of Gamehost include full and limited service hotels and banquet and convention services. Food, beverages and entertainment are offered at each of the Gamehost's casino locations.

Gamehost believes in a combined entertainment and hospitality model. Our model targets the entertainment seeker and social occasional gamer. Clean, inviting venues that deliver live entertainment, lounging and dining, rest and relaxation together with gaming are situated in community based locales.

It is the Company's intent to continue a policy of consistent and regular monthly dividends to shareholders of \$0.0733 per common share.

Overall Financial Results and Condition of Gamehost

Comparative financial results for the Period are significantly improved by the May 1, 2010 Acquisition of an additional 51% of the Deerfoot. Q3 2011 is the first quarter to include a full three months of comparable 2010 data post-Acquisition. Financial results for the Quarter include a \$0.3 million or 1.9% increase in operating revenue compared to Q3 2010, a \$0.2 million or 2.7% decrease in EBITDA compared to Q3 2010 and a 2.1% reduction in EBITDA margin to 44.3% as compared to in 46.4% in Q3 2010.

At the end of the Quarter, Gamehost had \$183.9 million in total assets down \$0.3 million from the start of the year. Cash and cash equivalent balances of \$16.1 million were up \$1.5 million from the start of 2010. Principal reductions during the Period of \$1.8 million reduced demand loan balances to \$23.5 million from \$25.3 in Q3 2010.

Quarterly Performance Summary

Quarterly Performance	2011			2010			
	Q3 *	Q2	Q1	Q4	Q3	Q2	Q1
Operating Revenue	17,612	18,618	16,801	17,821	17,284	15,911	11,433
Cost of sales	(9,794)	(9,951)	(9,588)	(10,039)	(9,194)	(8,665)	(5,856)
Gross Profit	7,818	8,668	7,213	7,782	8,090	7,246	5,578
Other income	61	61	50	59	61	64	56
Administrative expenses	(1,289)	(1,434)	(1,467)	(1,495)	(1,451)	(1,328)	(608)
Gain (loss) on revaluation of assets	-	-	-	-	-	27,083	-
Profit from operating activities	6,590	7,295	5,796	6,346	6,700	33,065	5,026
Finance income	21	20	19	20	11	23	2
Finance costs	(1,520)	(1,407)	(1,421)	(1,474)	(1,454)	(1,222)	(220)
Net change in fair value of Class B LP units	-	-	-	(9,241)	(7,374)	(1,213)	(5,507)
Distributions to Class B LP units	-	-	-	(2,078)	(2,053)	(2,036)	(2,053)
Net finance costs	(1,499)	(1,387)	(1,402)	(12,773)	(10,870)	(4,448)	(7,778)
Profit before income tax	5,091	5,908	4,394	(6,427)	(4,170)	28,617	(2,752)
Income tax expense	(1,213)	(1,396)	293	(72)	283	38	(33)
Total comprehensive income	3,877	4,512	4,687	(6,499)	(3,887)	28,655	(2,785)
Less Non-controlling interests	(271)	(329)	(235)	(280)	(305)	(184)	-
Profit attributable to owners of the Company	3,607	4,183	4,452	(6,779)	(4,191)	28,471	(2,785)
<small>(in thousands of dollars unless stated otherwise)</small>							
Comprehensive income/unit- basic	0.170	0.198	0.211	(0.321)	(0.199)	1.349	(0.132)
Comprehensive income/unit- diluted	0.178	0.195	0.205	(0.214)	(0.122)	1.159	(0.132)

* Antidilutive result is caused by cumulative adjustments to the amortization of the debenture conversion privilege recorded in the Quarter.

Quarterly performance numbers for 2009 have not been translated to IFRS and are unavailable in comparative form.

Operating Segments

The Company's reportable segments are strategic business units that offer different services. They are managed separately because of the unique operational and marketing requirements. Each segment compliments the other segment.

The Company has three reportable segments: gaming operations, hotel operations and food and beverage operations. The gaming operations include three casinos offering slot and table games. The hotel operations include two hotels catering to the casino players and mid range clients. The food and beverage operations are included within the casinos as a further compliment to our gaming operation. The hotels also contain a food and beverage component.

nine months ended September 30, 2011	Gaming	Hotel	Food & Beverage	Other ⁽¹⁾	Total
Revenues	30,726	9,531	12,758	17	53,032
Net finance costs	2,137	1,933	278	(61)	4,288
Amortization expense	848	654	267	1,977	3,745
Other expenses	14,323	4,674	9,273	1,337	29,606
Profit before income tax	13,418	2,271	2,940	(3,236)	15,393
					-
Segment assets	119,934	46,187	13,111	4,634	183,866
Segment liabilities	41,005	18,963	13,130	11,910	85,008
Capital expenditures	104	70	29	39	242

nine months ended September 30, 2010	Gaming	Hotel	Food & Beverage	Other ⁽¹⁾	Total
Revenues	28,103	6,691	9,814	21	44,629
Net finance costs	1,399	1,343	169	20,203	23,114
Gain on asset revaluation	-	-	-	27,083	27,083
Amortization expense	595	409	102	1,236	2,341
Other expenses	11,779	2,975	6,438	3,388	24,579
Profit before income tax	14,330	1,965	3,105	2,278	21,678
Segment assets	123,317	47,730	13,629	2,973	187,648
Segment liabilities	45,403	20,997	14,538	93,990	174,928
Capital expenditures	14,741	18,913	8,396	(60)	41,990

(1) Other administrative expenses consist of expenses which are not allocated to segments because they are related to all segments.

(in thousands of dollars unless stated otherwise)

Operating Revenue

Operating revenue consists of revenues generated by the Company's operating assets, Boomtown Casino, Great Northern Casino, Service Plus Inns and Suites in Grande Prairie and the Deerfoot Inn & Casino. Major revenue streams include rooming revenue, table gaming, slot machines, food and beverage sales and ancillary revenues.

Operating Revenue	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Operating revenue	53,032	44,629	18.8%	17,612	17,284	1.9%

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

Improvements recorded in year over year quarterly operating revenues for overall operating revenues were held back by depressed Hold percentages on table games. Otherwise, revenue growth, though moderate, was broad based.

In year over year comparisons for the Quarter, Boomtown revenues increased 5.0%, Great Northern revenues increased 5.5% and Service Plus revenues fell 5.2% while Deerfoot remained flat. More walkin traffic raised the ADR.

Room Revenue

Room revenue includes both guest and meeting room sales at hotels. Occupancy includes sold and complimentary rooms while Average Daily Rate ("ADR") is calculated as total room revenue divided by sold rooms only.

Rooming	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Rooming	9,085	7,330	23.9%	3,085	3,107	(0.7%)
Occupancy	68.7%	69.2%	(0.6%)	69.5%	71.8%	(2.3%)
ADR	\$152.39	\$146.87	3.8%	\$153.68	\$150.09	2.4%

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

At Service Plus, in year over year comparisons for the Quarter, revenues fell 5.0% on reduced occupancy rates of 67.4% versus 72.6% and increased ADR's of \$128.65 versus \$126.23. A wet start to summer kept corporate clients on preferred rates out of the field which lowered occupancy but raised the ADR.

At Deerfoot, in year over year comparisons for the Quarter, revenues increased 1.4% on flat occupancy rates of 71.5% and increased ADR's of \$168.82 versus \$165.55.

Table Game Revenue

Table play and table revenue sharing is regulated in Alberta by the Alberta Gaming and Liquor Commission. In general terms, 'Drop' is the total amount of money cashed to chips at most table games. 'Hold' is the amount won from the Drop at each table. Hold Percentage is the measure of Hold to the Drop and can fluctuate significantly, but should average +/- 17%. Drop, Hold and Hold Percentage are not always reliable indicators of table activity as demonstrated by the following examples:

Example 1 – A player buys \$20,000 in chips at a table. The player plays one hand, loses \$2,000, and cashes out. The Drop is high at \$20,000, the Hold is good at \$2,000 but the Hold Percentage is low at 10%. The table was not busy.

Example 2 – A player buys \$5,000 in chips at a table. The player plays all evening before losing \$1,000 and cashing out. The Drop is low at \$5,000, the Hold is low at \$1,000 and the Hold Percentage is high at 20%. The table was busy.

Consequently, it can be seen how variables can provide fluctuating results for Drop, Hold and Hold Percentage. These statistics should be taken with a grain of salt. At the end of the day the only measure that really counts is Hold.

The Hold is shared in varying percentages between charities and the casino operator dependent on the size and location of the casino. The operator's percentage of the Hold is the 'Net' or Net Table Revenue. The game of Poker has a 'Pot' rather than a Drop. The Pot is the total amount anted and bet by players at a poker table. 'Rake' is the total amount of the Pot that is retained by the table and is usually a flat fee for each hand played. Rake is shared in varying percentages between the charity and casino operator dependent on agreements with the Alberta Gaming and Liquor Commission. The operator's percentage of the Rake is the 'Net'. Financial statements of Gamehost report only the Net of the Hold or Rake.

Table Net Revenue	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
General and High Limit	6,210	5,685	9.2%	2,237	2,313	(3.3%)
Poker	1,451	1,272	14.1%	473	506	(6.5%)
Progressive Table Games	46	46	(0.3%)	27	11	146.0%
	7,707	7,003	10.1%	2,737	2,830	(3.3%)

(in thousands of dollars unless stated otherwise)

# of Tables	End of Period		
	2011	2010	+(-)
All Others	49	35	14
Poker	16	9	7
Progressive Table Games	2	1	1
	67	45	22

Table Drop and Hold	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Drop	64,023	68,649	(6.7%)	21,574	20,799	3.7%
Hold %	17.5%	17.7%	(0.1%)	19.3%	20.3%	(1.0%)

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect equal post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

At Boomtown, the current Quarter saw a 5.8% increase in Table Drop and a 3.5% increase in Hold percentage resulting in a 38.7% increase in table revenue. Poker results which are much less significant in terms of overall table revenues were 4.0% lower in year over year comparisons for the Quarter.

At Great Northern, the current Quarter saw a 12.3% increase in Table Drop offset by a 1.3% decrease in Hold percentage resulting in a 5.4% increase in table revenue. Poker results which are much less significant in terms of overall table revenues were 22.3% lower in year over year comparisons for the Quarter.

At Deerfoot, the current Quarter saw a 1.3% increase in Table Drop but a 3.1% decrease in Hold percentage resulting in a 13.7% decrease in table revenue. Significant short term fluctuations are common, however year over year comparisons for the Period show similar results for net revenues. Poker results which are much less significant in terms of overall table revenues were flat in year over year comparisons for the Quarter.

Slot Revenue

In Alberta, slot machine odds are regulated by the Alberta Gaming and Liquor Commission (the "AGLC"). The revenue sharing arrangement for amounts won by the machines is also set by the AGLC. Under the current arrangement, casino operators, charities and the provincial government share the machine win on a 15/15/70 split respectively. Machine Win/Day represents the average total revenue earned by slot machines in a day and is affected by the number of hours each machine operates and how much money is played on a machine ('Cash Play') during hours of operation. Revenue to the operator, is determined by all of the above factors and arrangements.

Slot Statistics	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Cash Play	1,682	1,469	14.5%	577	546	5.6%
Machines ¹	1,605	1,605	0.0%	1,605	1,605	0.0%

(in millions of dollars unless stated otherwise)

¹ At the end of the Period or Quarter

Slot Revenue	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Revenue	19,171	16,680	14.9%	6,493	6,225	4.3%

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

Cash Play continued to improve this Quarter. Improved consumer confidence and residents staying closer to home during the summer months being positive factors.

Boomtown, for the Quarter versus the comparable quarter one year earlier, saw a 3.7% increase in Cash Play resulting in a 2.8% increase in operator revenue. Machine Win/Day rose \$19.62 to \$407.22 in comparisons over the same time period on 419 machines.

Great Northern, for the Quarter versus the comparable quarter one year earlier, saw a 5.7% increase in Cash Play resulting in a 7.7% increase in operator revenue. Machine Win/Day rose \$24.02 to \$263.11 in comparisons over the same time period on 419 machines.

Deerfoot, for the Quarter versus the comparable quarter one year earlier, saw a 7.1% increase in Cash Play resulting in a 3.8% increase in operator revenue. Machine Win/Day rose \$9.66 to \$260.93 in comparisons over the same time period on 767 machines.

Food & Beverage (“F&B”) Revenue

Food service operating arrangements differ by property from 100% owner operations to combinations of owner and 3rd party operating agreements. Only beverage service is consistently delivered directly by Gamehost. Where food operations are run by a 3rd party, Gamehost earns a commission on those sales.

F&B Revenue	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Food & mix	5,148	3,560	44.6%	1,510	1,448	4.3%
Liquor	7,473	6,433	16.2%	2,372	2,328	1.9%
	12,621	9,993	26.3%	3,882	3,776	2.8%

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

Food and beverage sales showed continued moderate growth of one year ago comparable periods indicating some return to consumer confidence.

Boomtown saw food and liquor sales increase 10.2% and 3.0% respectively in year over year comparison for the Quarter.

Great Northern saw food and liquor sales increase 5.9% and 3.9% respectively in year over year comparison for the Quarter.

Deerfoot saw food and liquor sales increase 4.5% and 0.1% respectively in year over year comparison for the Quarter.

Ancillary Revenue

Ancillary revenue includes the more significant items of automated teller (ATM) fees, 3 Video Lottery Terminals (VLT's) and lottery ticket sales, entertainment ticket sales, interest on bank balances, cigarette sales, equipment rentals, movie rentals and other room charges to hotel guests as well as lease and rental revenue.

Ancillary Revenue	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Total	4,448	3,623	22.8%	1,415	1,345	5.2%

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

Ancillary revenues are highly correlated to gaming revenues

Cost of Sales

The Company's Statement of Comprehensive Income uses the 'Function' rather than the 'Nature' method of reporting operating expenses. Costs are reported based on their function within the Company. For example, wage costs that are a function of generating revenue are considered a cost of sales rather than by nature a human resource expense. The Company includes in cost of sales all cost of product sold, direct marketing and promotion expenses, direct human resources costs and administrative personnel where they are integral to managing sales and all other direct operating costs at the facility level. Depreciation of the facility assets are also included in cost of sales.

Cost of Sales	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Total	29,333	23,714	23.7%	9,794	9,194	6.5%
% of Revenues	55.3%	53.1%	2.2%	55.6%	53.2%	2.4%

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

Deerfoot has significantly higher operating costs than Gamehost's other operations. As a consequence, the Acquisition of a further 51% interest in the Deerfoot is expected to raise the overall ratio of cost of sales as a percentage of revenue. Total cost of sales will also fluctuate based on sales mix. Otherwise management has been successful in maintaining tight cost control at all properties during the Quarter.

Cost of Sales - Cost of Product

Cost of product includes the costs of food, beverage and other incidental items purchased for resale. Cost of product will for the most part, follow the performance of F&B revenue. Other incidental items of cost of product are made up of mostly room service charges in the hotel for such items as long distance telephone, movie rentals, laundry etc. Cost of product as a percentage of corresponding revenues will fluctuate moderately for food & mix and liquor categories depending on the sales mix of individual products. More significant variations in the cost of product percentage can be experienced for sales of other incidental items due to the dissimilar nature of the products included.

Cost of Product	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Food & Mix	1,818	1,258	44.5%	575	512	12.4%
Liquor	1,534	1,315	16.7%	489	473	3.2%
Other	170	136	24.9%	53	63	(15.9%)
Total	3,522	2,709	30.0%	1,117	1,048	6.6%

(in thousands of dollars unless stated otherwise)

Cost of product %	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Food & Mix	35.3%	35.4%	(0.0%)	38.1%	35.4%	2.7%
Liquor	20.5%	20.4%	0.1%	20.6%	20.3%	0.3%
Other	43.5%	49.7%	(6.1%)	51.2%	57.8%	(6.6%)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest. Liquor cost of sales percentages remained within target range for all properties.

Both Boomtown and Great Northern have third party arrangements for food services. Therefore, food does not factor greatly into their operating results.

Deerfoot experienced a 3.2% increase in their food cost of sales in the Quarter compared to the same quarter in 2010. Weekend discounted buffets offered in the casino reduced higher margin sales at other eating establishments on premises.

Cost of Sales - Operating Labour

Operating labour includes salaries and bonuses, benefit costs, payroll taxes and other miscellaneous human resource costs directly attributable to the smooth and safe operation of each facility. No corporate overhead costs are included.

Operating labour	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Operating labour	13,853	11,148	24.3%	4,599	4,427	3.9%
% of Revenues	26.1%	25.0%	1.1%	26.1%	25.6%	0.5%

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

Operating labour costs as a percentage of revenue edged higher in year over year comparison largely as a result of poorer than expected hold percentages on table games.

Cost of Sales - Marketing and Promotions

Marketing and promotions include all donations, sponsorships and complimentary services offered at properties in addition to direct sales and advertising expenses. Staff promotions, including discounted meal vouchers, are also included under this heading.

Marketing	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Total	2,321	1,937	19.8%	789	709	11.3%
% of Revenues	4.4%	4.3%	0.0%	4.5%	4.1%	0.4%

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

More intensive marketing campaigns at Deerfoot have pushed up costs as a percentage of revenue.

Cost of Sales - Other Operating Costs

Some of the more significant expenditures in this classification include entertainment, premises leases, repairs & maintenance, utilities, property taxes, depreciation and operating supplies.

Other Operating Costs	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Total	9,637	7,920	21.7%	3,290	3,011	9.3%
% of Revenues	18.2%	17.7%	0.4%	18.7%	17.4%	1.3%

(in thousands of dollars unless stated otherwise)

Only Quarter over quarter results reflect comparable post-acquisition 91% ownership in Deerfoot following the April 30, 2010 Acquisition of an additional 51% ownership interest.

Refurbishment costs at facilities in Grande Prairie and Calgary together with increased entertainer expenses, property tax, electricity and general operating supplies at Deerfoot pushed up operating expenses as a percentage of revenue in the Quarter versus one year ago.

Other Income

Other income consists of the net income from an investment property being the Strip Mall in Grande Prairie located next to the Service Plus.

Other Income	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Total	172	181	(5.1%)	61	61	(0.8%)

(in thousands of dollars unless stated otherwise)

The Strip Mall is fully leased. Current terms expire in December 2013 and January 2015. Both leases have renewal options.

Administrative Expenses

Administrative expenditures include all costs not directly attributable to the operation of the company's operating assets. Management fees, costs associated with being a public issuer, professional fees, corporate office costs, corporate travel expenses and depreciation of corporate assets are included in this category.

Administrative Expenses	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Total	4,190	3,388	23.7%	1,289	1,451	(11.2%)

(in thousands of dollars unless stated otherwise)

The decrease in costs comparing the Quarter to the prior year reflects the costs associated with the Deerfoot Acquisition and planned corporate conversion completed in 2010.

Net Finance Costs

Interest expense is recorded on demand debt held by Gamehost Limited Partnership and the Deerfoot, accrued interest on convertible debentures and amortization of the conversion privilege and issue costs of debentures.

Net Finance Costs	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Total	4,288	23,114	(81.4%)	1,499	10,870	(86.2%)

(in thousands of dollars unless stated otherwise)

The conversion of Class B Limited Partnership Units ('Class B LP Units') to common shares at December 31, 2010 eliminated further interest expense and adjustments to the fair value of Class B LP Units.

Income Tax (Recovery)

Income tax includes provision for current income taxes. Timing differences between depreciation recorded by the Company versus amounts allowed for tax purposes give rise to deferred tax assets and liabilities. Originations and changes in these timing differences are also recorded to income tax expense in the period in which the originations or changes occur. Taxes are calculated using corporate tax rates substantively enacted for the period the taxes are expected to be payable.

Income Tax (Recovery)	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Provision for current income tax	3,614	-	n/a	2,612	-	n/a
Taxes arising from changes in timing differences	85	(287)	(129.6%)	(4)	(320)	(98.9%)
Tax benefits of non-capital losses	(1,383)	-	n/a	-	-	n/a
	2,316	(287)	(907.6%)	1,213	(283)	(528.2%)

(in thousands of dollars unless stated otherwise)

The combined federal and provincial tax rate in Alberta for 2011 is 26.5%. The Corporation, however, will benefit from a one year tax deferral on current year income taxes. Accordingly, provision for current income taxes were calculated using the expected tax rate for 2012 of 25%.

Reconciliation of EBITDA (attributable to owners of the Company) to Net Earnings

EBITDA to Net Earnings	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
EBITDA attributable to owners of the Company	22,462	19,481	15.3%	7,517	7,698	(2.3%)
EBITDA %	42.4%	43.7%	(1.3%)	42.7%	44.5%	(1.9%)
Add back:						
Amortization on property, plant and equipment	(3,745)	(2,341)	60.0%	(1,242)	(1,350)	(8.0%)
Gain on revaluation of assets	-	27,083	(100.0%)	-	-	n/a
Net finance charges	(4,288)	(23,114)	(81.4%)	(1,499)	(10,870)	(86.2%)
Income tax expense	(2,316)	287	(907.6%)	(1,213)	283	(528.2%)
Non-controlling interest	964	569	69.6%	314	353	(11.0%)
Total comprehensive income for the period.	13,077	21,964	(40.5%)	3,877	(3,886)	(199.8%)

(in thousands of dollars unless stated otherwise)

Facilities

Capital Expenditures	Q3 (nine months)			Q3 (three months)		
	2011	2010	+(-)	2011	2010	+(-)
Capital Maintenance	242	135	78.7%	86	71	21.4%

(in thousands of dollars unless stated otherwise)

Financial Condition

Liquidity

Cash provided by operating activities of continuing operations for the Quarter totaled \$7.9 million compared to \$8.1 million at September 30, 2010. At the end of the Quarter cash and cash equivalent balances totaled \$16.1 million compared to \$14.6 million at the start of the year. Factors affecting Gamehost's ability to generate cash in the near and longer terms were listed in the section 'Forward Looking Statements'. These factors are discussed in more specific terms in the section 'Business Risks and Outlook'. Management closely monitors Gamehost's ability to sustain current cash dividends with cash flow from operations and other sources or uses of cash.

Gamehost has revolving credit lines totaling \$6.0 million of which \$6.0 million is available to be drawn.

Gamehost's cash and cash equivalent balances are made up of cash floats and traditional bank balances only.

Working capital, by definition, is current assets minus current liabilities. The Company's demand debt held by Gamehost Limited Partnership and Deerfoot include demand clauses in the event certain performance covenants are not met. Demand loans are presented as current liabilities for financial reporting purposes to recognize these demand clauses. The Company's lender does not consider the loans to be repayable within 12 months.

Internal working capital requirements for the Company consist of cash floats for the operation of gaming tables, slot machinery, ATM machines, POS terminals, progressive jackpots and petty cash as well as one month's operating expenses, one month's interest costs on debt facilities and one month's regular dividend to the holders of Shares less amounts due to related parties. Float amounts are set by management and will fluctuate based on activity levels in the casinos. Alberta Gaming and Liquor Commission require all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP").

Gamehost has a 91% Participating Interest in the operating activities of the Deerfoot.

Debenture redemptions

Debentures are redeemable at the holder's discretion. Converted Debentures increase total cash dividends under the annual dividend policy and require 32% more cash than unconverted Debentures.

Commitments

Gamehost has an 87.75% Contributing Interest Responsibility to the Deerfoot for any capital funding requirements. All current capital requirements of the Deerfoot have been satisfied. No capital was contributed during the Quarter.

On June 1, 2003 Gamehost entered into a management services agreement with Gamehost Management Inc. The management agreement originally stipulated that Gamehost Management Inc. was entitled to 2.0% of operational earnings before interest, taxes, depreciation and amortization of Gamehost. Amendments to this agreement were finalized during the Quarter. Effective May 1, 2010, the fee was reduced to 1.5% of EBITDA of the Company. The amendment has been included in financial results.

On November 21, 2010, Deerfoot Inn & Casino Inc. entered into a management services agreement with Will Air Ltd. This new agreement follows the termination of an earlier agreement with 1016312 Alberta Ltd and contains essentially the same terms and conditions as the earlier agreement including that Will Air Ltd. is entitled to 1.5% of the gross revenues plus 2.0% of EBITDA of the Deerfoot.

On January 1, 2007 Gamehost entered into a management services agreement with 1508956 Alberta Ltd. The management agreement stipulates that 1508956 Alberta Ltd. is entitled to a fixed monthly fee of \$17,700 for overseeing site operations of Gamehost.

Gamehost has certain other commitments for equipment, services and premises rent. At the end of the Quarter these commitments were;

Commitments						
	2011	2012	2013	2014	2015 Thereafter	
Total	502	1,134	877	847	842	3,995

(in thousands of dollars unless stated otherwise)

Dividend policy and practice

The board of directors of Gamehost is responsible for determining the dividend policy of Gamehost. As an ABCA corporation, the dividend policy must comply with the requirements of the ABCA, including satisfying the dividend test applicable to ABCA corporations (i.e. an ABCA corporation shall not declare or pay a dividend if there are reasonable grounds for believing that (a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes).

The monthly dividend policy of the Corporation is designed to provide for regular monthly dividend payments to holders of Shares in the amount of \$0.0733 per Share (i.e. \$0.8796 per Share on an annualized basis). However, the board of directors of the Corporation retain the right to modify such dividend policy from time to time at its discretion.

Productive capacity

Gamehost's assets are in land, land improvements, buildings, leasehold improvements, and furniture, fixtures and equipment. At the end of the Quarter, productive capacity of Gamehost consisted of 123 guest rooms and 1 meeting room at Service Plus, 188 guest rooms, 10 meeting/banquet rooms, 1 showroom, 3 restaurants and a lounge at the Deerfoot and ancillary amenities for all facilities. Also included in productive capacity are Gamehost's interests in three gaming licenses, one each for Boomtown Casino, Great Northern Casino and the Deerfoot. Together these licenses provide a revenue stream for Gamehost from an equivalent 1,608 electronic gaming devices, 67 table games and other ancillary equipment. The table below summarizes changes in productive capacity since the beginning of operations.

Productive Capacity

Year	Event	Gaming/ Entertainm ent Sq. Ft	Banquet/ Convention Sq. Ft	Guest Rooms	F & B Seating	Electronic Gaming Devices	Tables	Lease Retail Sq. Ft
2003	Inception of Fund	31,864		123	165	420	32	10,530
2003	Great Northern Casino Expansion	9,800	1,200		45	59		
	AGLC adds slot machines					20		
2004	AGLC adds slot machines					83		
2005	Deerfoot opening	24,000	8,000	75	140	252	13	
2006	Boomtown Casino Expansion	11,000			40	193		
	AGLC adds slot machines					20		
2007	Deerfoot renovation	480			(20)	23		
2008	AGLC adds slot machines					16		
	Stampede Joint Venture	19,200	480		60	120	8	
	AGLC adds slot machines					3		
2009	AGLC adds slot machines					8		
	Stampede Joint Venture now discontinued operations	(19,200)	(480)		(60)	(120)	(8)	
2010	AGLC adds slot machines					60		
	AGLC adds VLT's					3		
	Acquisition of an additional interest in Deerfoot	31,212	10,200	113	153	448	20	
	Deerfoot table addition						2	
Period Ended June 30, 2011		108,356	19,400	311	523	1,608	67	10,530

Productive capacity maintenance

Productive capacity maintenance costs for rooming and food and beverage facilities of Gamehost are minimal. Maintaining the shine on our properties so that they continue to attract guests is largely one of regular refurbishment such as paint or new carpets and beds. For the most part, maintenance costs are treated as operational expenses at the time they are incurred and as such are already included in the periodic cash provided by (used for) operating activities as reported in financial statements. Management may, however, undertake smaller capital projects to be paid from cash generated from operating activities. Examples of these costs include, but are not limited to such things as converting to keyless entry on guest room access doors or the installation of digital security. These capital costs, when funded from operating cash flow, would fall into the category of productive capacity maintenance for the purpose of determining distributable cash from operations.

Liquor sales require Gamehost to hold a valid liquor license issued by the Alberta Gaming and Liquor Commission. Productive capacity maintenance of liquor sales is most significantly related to keeping this license in good standing, and requires Gamehost paying for liquor orders electronically prior to delivery from AGLC wholesale.

Gaming operations of Gamehost require minimal capital outlay by Gamehost. Slot machines are owned and maintained by the Alberta Gaming and Liquor Commission. Tables are owned or leased and maintained by Gamehost. Productive capacity maintenance of both tables and slot machines is more significantly measured in terms of maintenance of Gamehost's charitable gaming operator licenses issued by the Alberta Gaming and Liquor Commission. Holders of these licenses must adhere to a strict set of terms and conditions. Furthermore, the three year licenses are subject to annual due diligence audits by the Alberta Liquor and Gaming Commission. Maintaining these licenses requires a nominal fee to cover the cost of Alberta Gaming and Liquor Commission's due diligence investigation which is expensed.

Gamehost's charitable gaming operator licenses have consistently received favourable results from these audits.

Normal annual capitalized costs for productive capacity maintenance following the Acquisition are expected to average \$600,000.

Discretionary and other items

From time to time, at their discretion, management or Directors may elect to use or reserve cash for other purposes. Discretionary uses of cash reduce the availability of cash for distribution to shareholders.

Long-term unfunded contractual obligations

Gamehost has no long-term unfunded contractual obligations. Gamehost does not have a pension plan or stock based compensation plan. The benign nature of Gamehost's operations does not require that reserves be set up for environmental clean up, asset retirement or other real or potential liabilities.

Capital Strategy

Current debt instruments will be maintained or eliminated to the extent they allow for repayment. All of Gamehost's traditional bank debt instruments allow for additional payments without penalty. Debt maintenance includes regular amortized monthly principal payments, extra payments when surplus cash is available and intermittent payments/advances on revolving debt instruments. Surplus cash is routinely used to reduce revolving balances for the purpose of minimizing interest expenses throughout the year.

Debentures of Gamehost issued April 16, 2010, pay interest semi-annually in arrears allowing Gamehost to use excess cash, between interest payments, for revolving credit line reductions.

Larger scale expansions or acquisitions would be funded by debt or equity at the discretion of the directors of Gamehost.

Gamehost intends to repay existing non-revolving debt obligations over a period of time which will allow it to continue to pay dividends in the manner described in our Dividend policy and practice. Current interest rates allow for scheduled amortization periods of between 10 and 15 years in meeting dividend objectives.

Financing restrictions on dividends caused by debt covenants

The Limited Partnership has a demand loan secured by assets owned by Gamehost. The loan has two segments, the first requires blended principal and interest payments and is scheduled to term out over 10 years and the second is advanced on a revolving basis.

Debt facilities of the Partnership require the maintenance of certain financial covenants. The Limited Partnership is in compliance with all covenants.

Debt facilities of the Deerfoot require the maintenance of certain financial covenants. The Deerfoot is in compliance with all covenants.

Working Capital

Working capital, by definition, is current assets minus current liabilities. Gamehost's demand debt held by Gamehost Limited Partnership and the Deerfoot includes a demand clause in the event certain performance covenants are not met. Demand loans are presented as current liabilities for financial reporting purposes to recognize demand clauses in the loans. Gamehost's and the Deerfoot's lender does not consider the loans to be repayable within 12 months.

Internal working capital requirements for Gamehost consists of cash floats for the operation of gaming tables, slot machines, VLT's, ATM machines, TITO Kiosks, POS terminals, progressive jackpots and petty cash. Float amounts are set by management and will fluctuate based on activity levels in the casinos. Management works to minimize float balances on premises to a maximum 4% of combined slot cash play and table drop activity levels with cash surplus to this held in bank accounts.

In addition to cash floats on premises, Gamehost maintains one month's operating expenses, one month's interest cost on traditional debt facilities, one month's interest costs on Debentures and one month's dividends payable to the Common Shareholder less amounts due to related parties. Unused portions of revolving debt are considered working capital in Gamehost's determination of internal working capital.

Inventory levels and receivable targets vary by operation. Minimum targets include turning combined liquor and food inventories three times per month. Receivables are limited to hotel and banquet operations. Operations are expected to maintain a days sales outstanding (DSO) of not greater than 45 days. Gamehost's objective is to maintain the highest relationship with suppliers and remits all payables within stated terms, typically 30 days, but will take advantage of all early payment discounts offered.

Alberta Gaming and Liquor Commission require all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one month's operating expenses and one month's interest costs on debt facilities. Gamehost's internal working capital requirements typically exceed that of MCNWCP.

Cash Dividends

2011 Dividend Summary

Month	Date Declared	Record Date	Payment Date	Dividend per Share
January	01/13/2011	01/31/2011	02/15/2011	0.0733
February	02/14/2011	02/28/2011	03/15/2011	0.0733
March	03/08/2011	03/31/2011	04/15/2011	0.0733
April	04/13/2011	04/30/2011	05/16/2011	0.0733
May	05/12/2011	05/31/2011	6/15/2011	0.0733
June	06/13/2011	06/30/2011	07/15/2011	0.0733
July	07/18/2011	07/27/2011	08/15/2011	0.0733
August	08/10/2011	08/29/2011	09/15/2011	0.0733
September	09/16/2011	09/28/2011	10/15/2011	0.0733
October	10/17/2011	10/27/2011	11/15/2011	0.0733

2010 Distribution Summary

Month	Date Declared	Record Date	Payment Date	Distribution per Unit
January	01/20/2010	01/31/2010	02/19/2010	0.0733
February	02/25/2010	02/28/2010	03/26/2010	0.0733
March	03/23/2010	03/31/2010	04/23/2010	0.0733
April	04/19/2010	04/30/2010	05/14/2010	0.0733
May	05/21/2010	06/02/2010	06/15/2010	0.0733
June	06/14/2010	06/30/2010	07/15/2010	0.0733
July	07/20/2010	07/31/2010	08/13/2010	0.0733
August	08/12/2010	08/31/2010	09/15/2010	0.0733
September	09/16/2010	09/30/2010	10/15/2010	0.0733
October	10/14/2010	10/31/2010	11/15/2010	0.0733
November	11/19/2010	11/30/2010	12/15/2010	0.0733
December	12/17/2010	12/31/2010	01/17/2011	0.0733

Tax attributes of dividends to Shareholders

Dividends paid to Shareholders are considered 'eligible dividends'. Eligible dividends are subject to a schedule of gross-up rates and enhanced dividend tax credits providing the investor with a more favourable income stream for tax purposes. Generally, the Income Tax Act aims to provide a lower tax rate on all dividends ultimately sourced from income subject to the usual corporate level tax rates in Canada (i.e., Income that is not income of a Canadian-controlled private corporation (CCPC) subject to the small business rate).

Income tax

Income taxes include provisions for income taxes payable on current year taxable income and temporary differences and carry-forwards which give rise to future income tax assets and liabilities. Taxes are calculated using the applicable combined Federal and Alberta tax rate substantively enacted. To the extent taxes can be deferred, they will be calculated at the rate of tax expected at the time the future tax asset or liability will be realized.

Income Tax Expense	Q3 (nine months)	
Current tax expense (recovery):	-	-
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	85	(287)
Income tax expense	3,614	-
Arising from non-capital losses	(1,383)	-
	2,316	(287)
Income tax using the Company's domestic tax rate	26.5%	25.0%
Expected income tax expense	3,831	-
Changes in expected income tax resulting from:		
Tax deferrals	(224)	-
Non-deductible expenses	7	-
Income tax expense	3,614	-

(in thousands of dollars unless stated otherwise)

On October 3, 2011, Canada's Minister of finance tabled a detailed Notice of Ways and Motion which included measures to limit tax deferral opportunities for corporations with interests in partnerships. The Draft Legislation is aimed at limiting a deferral of tax on income earned by a corporation through a partnership in circumstances where the partnership has a fiscal period that differs from the corporation's tax year. This legislation, if passed, will eliminate a one year perpetual tax deferral for Gamehost at the end of 2012.

Capital Resources

Limited Partnership

The Limited Partnership has a \$19.2 million demand loan secured by its land and buildings with the Canadian Western Bank (“CWB”). Gamehost is paying interest at a stipulated floor rate of 4.0%; otherwise the rate on this loan is 1.0% above the CWB Prime Lending Rate. Gamehost is making blended monthly principal and interest payments on a \$13.2 segment of the loan amortized over 10 years. A \$6.0 million segment of this loan is available on a revolving basis with interest only payments.

The Limited Partnership issued \$55.0 million in Debentures on April 16, 2010. The Debentures have a coupon rate of 6.25% per annum with semi-annual interest payments in arrears due on July 31 and January 31 of each year. The Debentures have a conversion privilege to Shares any time prior to maturity date of July 31, 2015 at a price of \$10.65 per Share approximating 93.8967 Fund Units per \$1,000 principal amount of Debentures.

Deerfoot

The Deerfoot has a \$22.0 million demand loan secured by its land and buildings. The Deerfoot is paying interest at a stipulated floor rate of 4.0%; otherwise the rate on this loan is 1.0% above the CWB Prime Lending Rate. The Deerfoot is making blended monthly principal and interest payments on the loan amortized over 15 years.

Credit Facilities	Maturity	June 30, 2010	December 31, 2010
Authorized Maximum Loan amounts			
Demand loan		13,238,327	13,238,327
Revolving credit lines		6,000,000	6,000,000
Deerfoot Joint Venture - demand loan		22,000,000	22,000,000
Deerfoot Joint Venture - revolving credit line		-	-
Debentures face value		55,000,000	55,000,000
Continuing Operations		96,238,327	96,238,327
Outstanding balance			
Current liabilities			
Demand loan	2020	11,605,219	12,598,093
Deerfoot Joint Venture - demand loan	2025	11,933,835	12,706,428
		23,539,053	25,304,521
Non-current liabilities			
¹ Debentures payable	2015	46,904,677	48,256,207
		70,443,730	73,560,728
Interest rate			
² Demand Loan		4.00% (P +1.00%)	4.00% (P +1.00%)
² Revolving Credit Lines		4.00% (P +1.00%)	4.00% (P +1.00%)
² Deerfoot Joint Venture - demand loan		4.00% (P +1.00%)	4.00% (P +1.00%)
Deerfoot Joint Venture - demand loan, revolving		n/a	4.00% (P +1.00%)
Debentures face value		6.25%	6.25%

¹ The face value of Debentures has been reduced by an equity component representing the value attributed to the Debentures conversion privilege to Shares. The equity component was determined by discounting the cash flows of future interest payments on the Debentures and the final payout of the Debentures at maturity using a cost of capital of 8%. The face value of Debentures is further reduced by Debenture issuing costs which are the amounts incurred to secure the Debenture financing. Debenture issue costs and debenture conversion privileges are amortized to interest expense over the life of the Debentures.

² Prime rate (P) at the end of the Period was 3.00%. All Prime based financing has a floor rate of 4.00%.

Gamehost provided an \$11.46 million unsecured limited liability guarantee to the lender of the Deerfoot to indemnify it in the event the Deerfoot does not perform its contractual obligations. The maximum potential liability under this guarantee is \$11.46 million. Gamehost has not recorded a liability with respect to this guarantee, as Gamehost does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. Gamehost has not charged a fee to the Deerfoot in regards to this guarantee. No specific assets have been provided as security.

The Limited Partnership may cause to be issued unlimited numbers of units or other securities provided they do not rank ahead of the Shares of the Corporation as to dividends, voting rights and other rights protected by the Limited Partnership Agreement.

Financial Instruments

Fair value

The fair value of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables, deferred income, loans and borrowings and dividends payable approximate their carrying value due to the short-term maturities of these instruments.

Interest Rate Risk

Gamehost's interest rate risk arises primarily from its variable rate debt in the aggregate amount of \$23.5 million. Gamehost is paying interest at a stipulated floor rate of 4.0% on traditional bank demand debt and revolving debt; otherwise the rate on these debt instruments is 1.0% above the bank prime lending rate. A 1.0% increase in interest rates would have an unfavourable impact on earnings of \$235,391 or \$0.011/share on an annualized basis.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers. Gamehost's day to day commercial banking is with AAA rated Canadian financial institutions. Day to day commercial banking is not concentrated with a single financial institution.

Gamehost, in the normal course of operations, monitors the financial condition of its customers. Gamehost does not have significant exposure to any individual customer or counterparty.

Carrying amounts of accounts receivable are reduced on an account specific basis when appropriate. Carrying amounts of accounts receivable are reduced by direct write-off to earnings in the period of loss recognition. At the end of the Quarter, past due accounts are insignificant.

Liquidity Risk

Liquidity risk arises from excess financial obligations over available financial assets due at any point in time. Gamehost's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet ongoing liquidity requirements. Gamehost achieves this by maintaining a conservative dividend policy.

Accounts payable, excluding accrued liabilities, are due in 90 days or less.

Gamehost's lender is accepting monthly blended payments that will amortize the demand loan balance by February, 2017 and the Deerfoot demand loan balance by January, 2021.

The maturity date on Gamehost's Debentures is the earlier of the holder's election to convert, Gamehost's call for redemption or the final maturity date of the Debentures on July 31, 2015. The current dividend rate results in a 32% increase to cash payments over the interest liability on Debentures.

Alberta Gaming and Liquor Commission require all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one month's operating expenses and one month's interest costs on debt facilities. Gamehost's internal working capital requirements typically exceed that of MCNWCP.

Industry risk

Service Plus in Grande Prairie derives 55.0% of its business from the energy sector. As a result, Gamehost is exposed to industry risk at this operation.

Related Party Transactions

Related party transactions are measured at the exchange amount which is the amount agreed to by related parties. Related party balances are unsecured and non-interest bearing with no specific terms of repayment with one exception noted below.

Gamehost had related party transactions with the persons of David Will and Darcy Will and/or companies owned or controlled by David Will and/or Darcy Will collectively (the "Wills"). Both David Will and Darcy Will are Directors of Gamehost and significant shareholders. Together, the Wills control 44.1% of the outstanding Shares of Gamehost.

- Gamehost recorded \$1,028,765 (\$847,499 - 2010) in key management personnel compensation for the Period which are included in administrative expenses. Compensation is in the form of short term employee benefits, director fees and management agreements. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes depreciation and amortization. At the end of the Period \$79,318 (\$115,040 - 2010) remained in accounts payable.
- Gamehost recorded \$113,752 (\$65,712 - 2010) of charter aircraft rental expenses for the Period which is included in administrative expenses. At the end of the Period, \$10,092 (\$12,129 - 2010) remained in accounts payable accounts. Travel to Gamehost's operational centers of Grande Prairie and Ft. McMurray is made more efficient via charter air services than can be accomplished through commercial carriers.
- Gamehost recorded \$nil (\$86,861 - 2010) in interest charges during the Period which are included in finance costs. At the end of the Period \$nil (\$nil - 2010) remained in accounts payable. Interest charges arose from \$nil (\$4,001,000 - 2010) in outstanding amounts on promissory notes during the Period. The promissory note was repaid in full July 2010. The loan was unsecured with a fixed interest rate of 3.25%.

Gamehost recorded \$83,500 (\$100,250 - 2010) in directors fees during the Period paid to other Directors of Gamehost. At the end of the Period \$nil (\$28,750 - 2010) remained in accounts payable.

Gamehost recorded \$9,331 (\$25,373 - 2010) in professional and administrative fees during the Period paid to companies controlled by other Directors of Gamehost. At the end of the Period \$nil (\$518 - 2010) remained in accounts payable.

Gamehost recorded \$159,300 (\$159,300 - 2010) in management services expenses paid to companies controlled by other Officers of Gamehost. At the end of the Period \$18,585 (\$17,700 - 2010) remained in accounts payable.

Non-Controlling Interest

A joint venturer in Deerfoot is entitled to a 9% non-controlling participating interest in the assets, liabilities, equity and income of Deerfoot.

Shareholder Equity

The Corporation is authorized to issue an unlimited number of Shares of any class. The Corporation has convertible instruments that are dilutive when conversion privileges are exercised. Common stock is valued at the original contributed capital amount as at the 2003 plan of arrangement forming the Fund plus fair value adjustments on Class B Units on conversion to common stock.

Business Risks, Opportunities and Outlook

Economic Outlook

We continue to see moderate but steady improvement in our overall revenues. However, global issues continue to create uncertainty. The economic picture remains fragile.

The combination of fragile revenue growth coupled with steady though moderate cost inflation poses the most significant risk to maintaining or growing profitability in the near term.

Healthcare infrastructure projects proceeding are expected to provide increasing benefits to our Grande Prairie and Calgary properties which are located in close proximity to this significant public spending.

Government Regulation

The Federal Government has jurisdiction over provincial governments regarding First Nations lands. The Federal Government defers governmental authority to either provincial governments or First Nations Bands at their discretion. The Federal Government, to date, has chosen not to become involved in the smoking-in-public-places debate on First Nations lands. Presently, all First Nations casinos in Alberta permit smoking and enjoy a competitive edge over traditional casino operators.

The Alberta and Canadian gaming industries are highly regulated by provincial governments resulting in high barriers of entry. Revenue sharing agreements between governments and operators are subject to change by unilateral government action. Revenue sharing and operator agreements are not the same from province to province. Neither are they the same for traditional casino operators and First Nations casino operators. Traditional casino operators in Alberta receive less favourable compensation when compared to both their provincial counterparts and the competing Alberta First Nations operators.

Special interest groups routinely lobby government on a host of matters. Gaming is a subject of high public interest both for and against. Lobbying efforts can be effective in influencing government action. Next to the Alberta Government Department of Treasury, provincial charitable groups are the main benefactor to the gaming industry. An uneven playing field between traditional casino operators and First Nations casino operators also creates compensation issues for charitable groups supported by traditional casino operators.

Competition

The Deerfoot is a unique offering in Calgary's hotel convention market and surrounding hotel competition has had minimal impact on the facility.

Competition to Deerfoot's casino operations in Calgary remains the close proximity of First Nations gaming (14 Kilometres) that can offer smoking to an otherwise smoke free gaming environment.

Gamehost's Service Plus hotel property operates in a highly competitive market, but continues to succeed on superior location and service.

Management is not aware of any further hotel developments or gaming applications that could have a material effect on Gamehost's operations.

International Financial Reporting Standards (IFRS)

IFRS is mandatory for publically accountable enterprises for fiscal periods beginning on or after January 1, 2011. IFRS replaces guidance provided by Canadian generally accepted accounting principles (“CGAAP”) for financial reporting.

Gamehost has issued these financial statements in compliance with International Financial Reporting Standards (IFRS) “IAS 34 Interim Financial Reporting” as issued by the International Accounting Standards Board. These are the Company’s second condensed consolidated interim financial statements prepared in accordance with IFRS and IFRS 1 First- time Adoption of International Financial Reporting Standards has been applied. The Company’s condensed consolidated interim financial statements for the nine months ended September 30, 2011 include reconciliations of the former CGAAP results to those reported under IFRS.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* sets out the requirements that the Company must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Company is required to establish its IFRS accounting policies for the year ending December 31, 2011, and apply these retrospectively to determine the IFRS opening statement of financial position at the Company’s date of transition of January 1, 2010. To assist companies in the transition process, the Standard permits a number of specified exemptions from the general principle of retrospective restatement. The Company has elected certain specified exemptions from the general principal of retrospective application as follows:

- i. The Company has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the Company’s date of transition to IFRS.
- ii. The Company has elected to apply the transitional provisions of IAS 23 prospectively from the Company’s date of transition to IFRS. This exemption applies to capitalized borrowing costs included in all qualifying assets measured at cost in the opening IFRS statement of financial position.

The remaining optional exemptions under IFRS 1 are not applicable to the Company. All other mandatory exceptions in IFRS 1 were not applicable because there were no significant differences in management’s application of previous Canadian GAAP in these areas.

Estimates made under IFRS at January 1, 2010 are consistent with estimates made for the same date under previous GAAP.

IFRS Opening Balance Sheet Adjustments

Investment Property

Investment property is property held by the owner under a finance lease to earn rentals for income or capital appreciation or both. IFRS gives the option of measuring investment property using the cost model or the revaluation model. CGAAP does not have specific guidance for investment property. Gamehost has decided that the Strip Mall is an investment property. This book value of this property was removed from property plant and equipment and is shown separately as investment property. The adjustment to fair value under the revaluation model as determined by an independent appraisal performed in 2010 of \$2,820,000 was applied retrospectively. The fair value of the property has not changed.

Class B LP unit holders

Gamehost determined that Class B LP Units disclosed on a comparative basis will be reported as debt instead of their previous equity classification due to their 'puttable' option to convert to units of the former Gamehost Income Fund. The debt classification was measured at the fair value of the Class B LP Units at December 31, 2009 and subject to adjustment to fair value at interim reporting periods. The Class B LP Units shown as debt have been increased by \$55,259,648 to reach fair value for the comparative period.

Deferred Tax Adjustments

The fair value adjustment to the investment property results in changes to amounts recorded to deferred tax.

New Standards and Interpretations not yet Adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2011, and have not been applied in preparing consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except for IFRS 9 *Financial Instruments*, which becomes mandatory for the Company's 2013 consolidated financial statements and is expected to impact the classification and measurement of financial assets. The extent of the impact has not been determined.

Additional Information

All required public disclosures including material documents, press releases, annual information form and financial statements of Gamehost can be found on SEDAR at www.sedar.com. Additional information about Gamehost can be found at www.gamehost.ca.